Analyzing the Causes, Consequences and Solutions of Investment in Post Reform Surabaya

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ABSTRACT
Increased investment can help drive a country's economic development. In macroeconomics, investment also functions as a component of national income, gross domestic product (GDP), or gross domestic product (GDP) (Atatsi dkk., 2019; Rahmi & Ramdhan, 2021; Sepasgozar dkk., 2021). Investment is positively correlated with GDP or national income, when investment increases, GDP increases, and when investment decreases, GDP decreases. In the same context, Harrod-Domar developed a very legendary theory that economic growth requires capital formation in addition to capital stock. Capital formation can be seen as spending that increases the economy's ability to produce goods, or as spending that increases the effective demand for society as a whole. This requires investment to increase the ability to produce goods and services needed in the economy. Therefore, high and sustainable levels of economic growth are generally supported by increased exports and investment. In addition, Harrod-Domar emphasized that every economy must allocate a certain percentage of national income to replace damaged capital goods as an effort to grow the economy, thus requiring new investment as a capital stock.

Keywords: Prevention, Feaud, The Value of Sufism

INTRODUCTION
Increased investment is believed to be able to help boost a country's economic development. In macroeconomics, investment also functions as a component of national income, gross domestic product (GDP), or gross domestic product (GDP) (Atatsi dkk., 2019; Rahmi & Ramdhan, 2021; Sepasgozar dkk., 2021). Investment is positively correlated with GDP or national income, when investment increases, GDP increases, and when investment decreases, GDP decreases.
In the same context, Harrod-Domar developed the legendary theory that economic growth requires capital formation in addition to capital stock (Ali dkk., 2022; Brasil dkk., 2021; Gupta dkk., 2020). Capital formation can be seen as spending that increases the economy's ability to produce goods, or as spending that increases the effective demand for society as a whole.

This requires investment to increase the ability to produce goods and services needed in the economy as an "engine of growth". Therefore, high and sustainable levels of economic growth are generally supported by increased exports and investment. In addition (Dekker dkk., 2020; Mekdad dkk., 2021; Stanley dkk., 2021), Harrod Domar emphasizes that every economy must allocate a certain percentage of national income to replace damaged capital goods (buildings, equipment, materials) as an effort to grow the economy, thus requiring new investment as capital stock (Todaro, 2006).

Through case studies of developed countries' economies, Harrod-Domard's theory draws the conclusion that investment has a long-term multiplier effect (Faltinsen dkk., 2020; Hadj-Mabrouk & French institute of science and technology for transport, spatial planning, development and networks, Scientific Direction, 14/20 Boulevard Newton, 77447 Marne la Vallé, France, 2020; Wihadionskatami dkk., 2020). On the one hand, investment affects the development of a country’s national production, because the availability of capital is an important factor for the continuity of the development of the business world. On the other hand, investment affects aggregate demand. Therefore, stable growth or stable economic growth requires stable expectations and prospects for business actors.

Investment is also a means and driver of economic development, especially to expand the use of labor to increase production (Drozdenco dkk., 2019; Pérez dkk., 2020). The classical school believes that capital accumulation is an absolute requirement of economic development. Economic development is expected to increase income.

So indirectly it can be said that by investing it can increase income. Some economists view investment formation as one of the important factors that play a vital role in a country's economic growth and development (Brasil dkk., 2021; Szatmári & Leitner, 2021; Tatzber dkk., 2021). When entrepreneurs or individuals or the government invest, there will be a number of capital invested, there will be a number of purchases of capital goods (which are not consumed), but are used for production, so that they can spur productivity to produce goods and on the other hand.

The country's sluggish economy is highly avoided for state planners. For this reason, pro-investment economic policy formulations are encouraged to continue to increase in order to overcome the problem of economic stagnation or sluggishness so that economic growth continues to improve (Gabriela dkk., 2022; Kartel dkk., 2022; Qureshi dkk., 2022). Increased investment will ensure the continuity of economic development, absorb labor and reduce poverty, so that there is an improvement in the level of people's welfare as a whole and evenly distributed.
KSEI data (2018) explains that the number of investors in Indonesia increased by 27\% from April 2017 to March 2018. In April 2017, the number of SIDs in Indonesia was 975,880 SIDs and continued to increase until March 2018, bringing the number of SIDs to 1,216,278 SIDs. The increasing number of investors indicates that investment activities in Indonesia are increasing.

This will influence investors to make investment decisions. More and more investors will automatically increase the investment decision to be made (Dewi S dkk., 2022; Hikmah dkk., 2022; Keshav dkk., 2022). The factors considered in investment decisions will also increase which will have an impact on investor investment behavior (Budiarto and Susanti, 2017).

The increase in individual investors in their role is still tied to the participation of the IDX (Indonesian Stock Exchange) by collaborating with universities, namely building an Investment Gallery. Based on the latest IDX data, there are 413 investment galleries in Indonesia with the highest total investment galleries being on the island of Java, namely 154 investment galleries (Anoum dkk., 2022; Demina dkk., 2022; Firman dkk., 2022). On the island of Java, East Java Province occupies the first position for the most investment gallery ownership, namely 56 Investment Galleries (IDX, 2019).

Based on the graph above, the city of Surabaya is the city with the most investment gallery ownership, namely 15 investment galleries compared to other cities/regions in East Java. Surabaya has 35,431 investors in 15 investment galleries (Hartini dkk., 2022; Ilham dkk., 2022; Safitri dkk., 2022). The 15 investment galleries in Surabaya tend to be located in several universities in Surabaya (BEI, 2019). The IDX (Indonesian Stock Exchange) has established an investment gallery at a university in the city of Surabaya, which is expected to attract millennial (student) investors. In the process of making investment decisions, students use irrational attitudes without using financial theory (Pradikasari and Isbanah 2018). Therefore, the object of this research is student investors.
Overconfidence or over assertiveness on the extent to which personal feelings or biases dominate in understanding the limitations of one's own knowledge and abilities (Pradhana 2018). Overconfidence results in excessive belief in one's abilities (overestimate ability) in predicting stock prices which will then underestimate risks (overestimation risk), underestimate) decrease in the portfolio (Dianovi dkk., 2022; Najeed dkk., 2022; Nopiana dkk., 2022). In Nugraha's research (2016), states that overconfidence is the main cause that influences investment decisions in investing. Overconfidence has a negative effect on investment decision making.

**RESEARCH METHODOLOGY**

The research method uses secondary data taken from various sources such as journals, articles and other mass media. This type of conclusive research is in the form of causality and aims to obtain evidence of the emergence of a causal relationship between the dependent and independent variables. Quantitative data types with primary data sources use data collection techniques by distributing questionnaires both offline and online. The population used is college students who have investment galleries in Surabaya. Sampling in this study used a purposive sampling technique, namely investors are active students who have investment galleries in the city of Surabaya with investment criteria > 6 months, transactions > 3 times, and investors investing in stocks.

The analytical method used is multiple linear regression. IBM SPSS stats 23 software is used as a data analysis tool. The multiple linear regression equation model of this study is shown in formula (1).

\[
K_I = 12.275 + 0.494SR + 0.451AR - 0.392PFN + e
\]

(1) Data analysis techniques used data quality testing, namely validity testing (assessing the effectiveness or validity of the questionnaire), using a comparison of r-counts and r-tables, using Cronbach's alpha reliability test (measuring the number of respondents who answered the questionnaire). This study also uses classic hypothesis testing in the form of a normality test (testing whether the independent and dependent variables follow a normal distribution), using histograms, normal probability plots, and one sample Kolmogrov Smirnov statistics; using tolerance and VIF Multicollinearity test values (testing the relationship between independent variables), heteroscedasticity test with Spearman's rho (testing the dissimilarity of variance between one observation residual and another observation residual).

This study also uses hypothesis testing to estimate temporary assumptions from previous studies. The significance test between the independent and dependent variables simultaneously or partially was carried out using the f model test, t partial test and the coefficient of determination (R2).

**RESULT AND DISCUSSION**

Table 1. The characteristics of the respondents show that the majority of respondents are 21 years old. Respondents tend to be female. Respondents have carried
out investment activities for > 6 months by trading > 3 times as shown in the percentage, which is 100%. Most respondents in this study came from Surabaya State University with a percentage of 24.8%.

**Validity and Reliability Test Results**

The statement items in this study were declared valid and reliable. Overall statement items > 0.3061. Then for reliability, all statement items have a value of > 0.70.

**Normality Test Results**

Graphical analysis shows that the lines formed on the histogram can be said to be very regular even though their distribution is uneven. The results then also show the distribution of the remaining points along the diagonal in the normal probability plot (Rohmalimna dkk., 2022). According to the results of the SPSS output in the statistical test, the Kolmogorov-Smirnov value is 0.065 and the significance is 0.056. Significance value 0.056 > 0.05. Therefore, based on the histogram and normal probability plot results, the data is normally distributed.

**Multicollinearity Test Results**

The multicollinearity test results show that all variables have a tolerance value of less than 10 and a VIF value of more than 0.10. This shows that the regression model in this study is free from multicollinearity.

**Heteroscedasticity Test Results**

The results of the heteroscedasticity test show that all independent variables are free from heteroscedasticity. This can be seen from the significance value of each independent variable which is > 0.05.

**F Model Test Results**

Model test (f test), it is known from the calculated f has a value of 8.824 with a significance of 0.000, where 0.000 < 0.05. So a conclusion is drawn that all the independent variables included in this study, namely overconfidence, accounting information, self-image/firm image, social relevance, advocate recommendation and personal financial needs have a simultaneous influence on the dependent variable, namely investment decisions.

**Partial Test Results t**

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>12.275</td>
<td>7.205</td>
<td>.000</td>
</tr>
<tr>
<td>Overconfidence</td>
<td>-.017</td>
<td>-.139</td>
<td>.890</td>
</tr>
<tr>
<td>Accounting Information</td>
<td>.000</td>
<td>.005</td>
<td>.996</td>
</tr>
<tr>
<td>SelfFirm Image</td>
<td>-.013</td>
<td>-.109</td>
<td>.913</td>
</tr>
<tr>
<td>Social Relevance</td>
<td>.494</td>
<td>3.801</td>
<td>.000</td>
</tr>
<tr>
<td>Advocate Recommendation</td>
<td>.451</td>
<td>4.159</td>
<td>.000</td>
</tr>
<tr>
<td>Personal Financial Needs</td>
<td>-.392</td>
<td>-3.468</td>
<td>.001</td>
</tr>
</tbody>
</table>

Table 2. The results of the partial test (t test) show that the sig values of the variables overtrust, accounting information, and self-image/company image are > 0.05,
indicating that these three variables have no effect on the investment decision - making a share. While the sig value of social relevance variables, advocate recommendations and personal financial needs <0.05, so that these three variables partially influence investment decisions.

**Test Results for the Coefficient of Determination (R2 )**

The coefficient of determination can be seen from the adjusted R2 value of 0.206. This result means that the variation or magnitude of the influence of the independent variable on the dependent variable is 20.6%, while 79.4% of the variation is provided by other variables outside the model, such as financial knowledge, locus of control, risk perception, etc.

**Investments in the Post-Reform Era**

Eight years after the currency crisis, a lot has changed in Indonesia. The New Order became one of the victims of the crisis when the regime was overthrown by social movements spearheaded by the student movement. Since then, Indonesia has experienced three major power shifts (Rahmah dkk., 2022). These governments are trying to revive the Indonesian economy and are trying to bring about social, political and legal changes for the better through their development plans. In this Reformasi era, some progress has been made in these areas, but many problems remain a burden and shift from one government to another.

The SBY-Kalla administration was not without problems. This can be seen from the economic recovery that has not been accompanied by adequate job creation. The phenomenon known as jobless recovery is a big challenge that the SBY-Kalla government must solve. During the crisis recovery period, jobless recovery mainly took place in the formal economic sectors. As a result, in 2003 there were around 9.5 million Indonesians who were openly unemployed.

The SBY-Kalla administration targets the unemployment rate to fall from 9.5 percent in 2003 to 6.7 percent in 2009. This government also hopes that the poverty rate can be reduced from 16.6 percent in 2004 to 8.2 percent in 2009. To realize the target, the SBY-Kalla government must be able to improve the economic growth rate from 4.2 percent in 2003 to 7.6 percent in 2009, so that in the five years of their term in power this government can maintain an average economic growth rate of 6.6 percent per year. The average growth rate of 6.6 percent per year can only be realized if the ratio of investment to GDP can be increased from 20.5 percent in 2004 to 27.4 percent in the last year of the SBY-Kalla administration, 2009.25

Achieving all of these objectives must be based on the understanding that full economic recovery can only be achieved if there is improvement in all sectors of the Indonesian economy. Economic reform activities should not be limited to macroeconomic reforms. To achieve satisfactory results, our micro-economy must also be reformed. Reforms in the two economic sectors must go hand in hand and complement each other. In the field of microeconomics, the SBY-Kalla government faces many obstacles from stakeholders in the sector. They try to keep the profits they
already enjoy out of their hands. These stakeholders can be a combination of businessmen and government officials. This is where the courage and firmness of the SBY-Kalla government against these rent seekers is tested.

To rehabilitate the Indonesian economy, the SBY-Kalla government must be able to attract investors, both foreign and domestic, to invest their money in our economy again. Potential investors must be convinced that investing in this country will bring quite high profit opportunities (Amado-Alonso dkk., 2019). Therefore, in order to make the investment climate in Indonesia attractive for investors to return to their various business activities, there are several things that should be considered.

**Causes of Investment Restraints**

The World Bank in its report entitled "Doing Business in 2005: Removing Obstacles to Growth" also places Indonesia in the lowest rank among its toughest rival neighbors in terms of timeframe and total costs needed to start a new business activity. The study states that it takes 151 days and costs US$1,163 to start a business in Indonesia. When compared with Vietnam which only takes 56 days and 136 US dollars; the Philippines which only requires 50 days and 202 US dollars; or China which only takes 41 days and 158 US dollars, starting a business in Indonesia becomes difficult in the eyes of potential investors.

Next, an important factor that also contributes to the high level of uncertainty in doing business in Indonesia is the problem of inconsistent government policies. One such case is the Indonesian rattan furniture industry. Our government -- in this case, the Ministry of Industry is again planning to allow the export of rattan of origin (rattan raw materials), even though the Decree of the Minister of Industry and Trade (SK Menperindag) which closes the tap for export of rattan of origin is only a little over a year old. If we trace back, the government has repeatedly opened and closed rattan export faucets at random since the mid-1980s. This change in government policy on random rattan exports creates uncertainty for players in the Indonesian rattan furniture industry.

As the largest rattan producing country in the world, the government's decision to close the rattan export faucet last year has caused many rattan furniture industries in other countries to have difficulty supplying raw materials, so they finally decided to relocate their factories to Indonesia. With the government's plan to cancel this random rattan export ban, the rattan furniture industry in our competing countries will again get supplies of raw materials. This is very unprofitable for the viability of the rattan furniture industry nationally and can encourage the relocation of our furniture industry to neighboring countries. The government should realize that in making the best use of rattan to generate as much foreign exchange as possible, rattan should be exported.

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supplies of raw materials. This is very unfavorable for the survival of the national rattan furniture industry and can encourage the relocation of our furniture industry to neighboring countries.

The government should realize that in making the best use of rattan to generate as much foreign exchange as possible, rattan should be exported. Investing in the Jakarta monorail development project delayed disbursement of funds (financial settlement) because they were unable to obtain guarantees and guarantees for project sustainability from the Provincial Government of DKI Jakarta (including for free and clear land). certaintly of availability). The length of time and the large amount of money required to start a business in Indonesia may also indicate that there are still many official and illegal levies (pungli) made by unscrupulous government officials. As public officials whose duty is to serve the community, they burden the community (including the business community) with the levies they make. This adds to the uncertainty for investors, because the amount or amount of levies that are made is often unpredictable.

Socio-political stability and security factors must also receive careful attention. The achievement of socio-political stability and security will make our country's conditions conducive for investment activities and economic development efforts. The experience of the reform era shows that socio-political and security stability in Indonesia has decreased compared to the New Order era. This can be seen from the many acts of terror bombing in Indonesia during the Reformation period. From successful According to data collected by the author, there were around 18 terrorist bombings in Indonesia between 1976 and 1997, and there were around 60 bombings in our country during the religious reformation period which lasted only seven years.

**Investment Consequences**

Investment risk is the potential loss that investors can experience from these investment activities. This risk is generally divided into two types, namely systematic risk and unsystematic risk.

**Systematic Investment Risk**

This is an external risk that cannot be avoided or controlled. This investment risk affects all securities and cannot be reduced by diversification. Systemic risks include: Interest rate risk, namely investment risk that affects investment returns due to fluctuations in interest rates. Inflation risk; Also known as purchasing power risk, it means that the value of future investment cash flows may decrease due to changes in purchasing power caused by inflation. Currency exchange rate (forex) risk: investment risk that occurs due to changes in foreign currency exchange rates, for example when the domestic currency weakens. Commodity risk; investment risk arising from changes in the price of certain commodities, usually affected by price fluctuations as well as supply and demand

**Unsystematic Investment Risk**

This is a risk that can be avoided or controlled. This investment risk can be overcome by forming a portfolio or diversifying investments. This includes unsystematic risks, namely: Liquidity risk, namely the risk arising from difficulties in
providing cash within a certain period of time. Reinvestment risk: risk of income from financial assets requiring reinvestment by the business. Financial risk, risk related to funding structure. Commercial Risk, the risk associated with the investment company's business.

**Solutions In Efforts To Increase Investment**

Published various financial and monetary policies and brought the Indonesian economy to a revival period. Implementing fiscal decentralization and regional autonomy policies. The government divides funds equally between the center and the regions. Then, the government also implements local taxes and fees. However, Indonesia's economy in 2001 grew slowly to 3.64 percent.

At that time, the government made improvements, namely keeping the banking sector tighter and issuing bonds or bonds directly. So that the Indonesian economy began to be directed again. Even though there is no longer a repelita like in the Suharto era, the Indonesian economy can be more independent with the growth of economic actors.

Actually, there have been many efforts that have been made by the Indonesian government to encourage economic growth, especially to encourage the role of investment in Indonesia's economic recovery. One of the most popular is the inauguration of the Manado - Bitung toll road which will further enrich investment and tourism prospects in the North Sulawesi region.

Then, the government has also provided various policies that make it easier for investment in Indonesia, such as providing tax incentives, assistance regarding credit and guarantees, ratification of the Job Creation Law (Omnibus Law), establishment of a special task force for foreign investment, as well as facilitating the process of applying for business licenses and investment by BKPM.

The hope is that Indonesia will be able to optimize the role of investment in economic recovery by reconstructing labour-intensive investments and partnering with business players, including MSMEs. It can be said that the focus of the Indonesian government itself is not only to restore the Indonesian economy, but also to ensure that the Indonesian economy continues to progress in the coming years through a strong investment foundation.

**CONCLUSION**

From the explanation above, it can be concluded that in the post-reform era when Sby Kalla was in office, there were many investment challenges which were very crucial in efforts to increase economic growth and the process of recovering from the economic crisis in Indonesia. The experience of the last few years has shown that the economic recovery which was only supported by the consumption sector has not resulted in adequate job creation. The SBY-Kalla administration must carefully and thoroughly solve the problem of unemployment. The government's target is to reduce the poverty rate in order to improve economic growth and be accompanied by increasing the ratio of investment to GDP.
Overconfidence, accounting information, and self-image/company image have no effect on investment decisions. Social relevance, advocate referrals and personal financial needs influence investment decisions. The limitation of this study is that there are only three variables that influence investment decision making, and it is impossible to fully describe how other variables influence investment decision making. Furthermore, the sample of this research is student investors who are active in universities that have investment galleries, even though these students are unemployed and do not earn enough to carry out investment activities.

It is suggested that investors pay more attention to corporate social responsibility towards the environment and the investment status of company shares in the capital market. Investors must also pay attention to suggestions or recommendations from other parties who are more professional in the investment world. In addition, investors must also always prioritize the target results or profits to be obtained in the future in meeting these personal needs.

The government can conduct additional education and outreach related to investment, as well as factors that can be considered as the basis for making investment decisions. Collaborating with investment-related parties or institutions through online media, considering that Surabaya student investors are millennials who are attached to gadgets and the internet. Issuers must further enhance corporate social responsibility to the community. Issuers must also maximize the dividends to be received so that investors can obtain profits in excess of the invested capital. For future researchers, they will conduct research related to investment decisions by adding other variables such as financial knowledge, locus of control, risk perception, etc. Another piece of advice is don't just do research on student investors. Subsequent research can involve the intensity of the investor's frequency in trading investment (trading).

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